

In the United States Patent and Trademark Office

Appn. Number: 10/647,078

Appn. Filed: 08/22/2003

Applicants: Bruce Bradford Thomas and Lester Ware Preston, III

Title: Secondary Loss Expense Coverage

GAU: 3626

Trumbull, CT, March 12, 2007

Prior Art

Commissioner for Patents
PO Box 1450, Alexandria, VA 22313-1450

Dear Sir or Madame:

Last week, we discovered an example of prior art of which we are making the Patent Office aware. This prior art is a "Total Plus" policy that was sold by Gillis, Ellis & Baker, a copy of which is included with this letter. This policy was meant to cover losses in excess of the primary insurance that was purchased.

In the terminology that we use in our patent filing, this coverage specifies a nonproportional, binary relationship with the payment function of a pre-specified insurance policy. This policy will pay the dollar amount specified in the declarations, only if a property covered by the primary insurance policy is totally destroyed by fire and is rebuilt at that location or pay 80% of the specified amount if the building is rebuilt at another location.

One reason binary, non-proportional coverage policies have not gained widespread acceptance is that it is unclear what the price should be for this coverage. A second reason is that having a lump-sum payment conditioned on reaching some particular threshold of loss, creates the potential for morale hazard on the part of the buyer as the loss approaches that threshold. Most buyers do not find this type of coverage particularly attractive since they do not expect to suffer a complete loss of their property.

Sincerely,

Bruce B. Thomas

145 Lake Avenue Trumbull, CT 06611

203-445-0830

1FW

MAR 16 7007 E

PTO/SB/08b (08-03)
Approved for use through 08/30/2006. OMB 0651-0031
U.S. Patent and Trademark Office; U.S. DEPARTMENT OF COMMERCE

U.S. Patent and Trademark Office; U.S. DEPARTMENT OF COMMERCE under the Representation unless it contains a valid OMB control number.

SJIBAN To form 1449B/PTO	Complete if Known		
	Application Number	10/647 078	
INFORMATION DISCLOSURE	Filing Date	08/22/2003	
STATEMENT BY APPLICANT	First Named Inventor	Bruce Amdford Thomas	
•	Art Unit	3626	
(Use as many sheets as necessary)	Examiner Name		
Sheet of	Attorney Docket Number		

NON PATENT LITERATURE DOCUMENTS				
Examiner Initials*	Cite No. ¹	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.		
		Hillis, Ellis & Raker, Inc., "Total Alusty" Twouxamore Policy		

•••••	************		••••	
)*************************************	· ·		
	147040470440	-	••••••	
••••••	18 800 00 000 00 00			
••••••	***************************************			
			\sqsubseteq	

([
Examiner	Date	
Signature	Considered	

^{*}EXAMINER: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

Applicant's unique citation designation number (optional). 2 Applicant is to place a check mark here if English language Translation is attached. This collection of information is required by 37 CFR 1.97 and 1.98. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.14. This collection is estimated to take 2 hours to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Petent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.